

OGC HAS REVIEWED.

3 December 1953

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Deductibility of Entertainment Expenses

1. Normally entertainment expenses which are not reimbursable have been ruled as not deductible by the Bureau of Internal Revenue. Some unpublished decisions have permitted deduction in a few cases where the Secretary of State has certified that the expenses incurred by the Department of State officials were directly related to their work and necessary to their proper representation on behalf of the United States. These appear to be closely related to the expenses incurred by you. However, no final opinion can be given without a specific ruling on the facts of each case.

2. We can submit the situation for an early ruling without a published decision. Of course, it is possible that a normal audit would not raise the question if the deductions were taken from year to year, but, in our opinion, a final ruling at this time would be preferable.

15/11/13
LAWRENCE R. HOUSTON
General Counsel

OGC:LRH:jeb
cc: OGC 1711 J
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